

bond may not allocate or divide the penal sum of the area operations bond between the separate locations and the total penal sum of the bond must be available to satisfy liability incurred at any of the covered locations.

(b) *Area operations bonds filed by corporations.* An area operations bond may only cover distilled spirits plants and adjacent bonded wine cellars that are operated by the same person. For purposes of this section, a corporation and its controlled subsidiaries are considered to be one person. Further, a controlled subsidiary is a corporation in which more than 50 percent of the voting power is controlled by the parent corporation. Consequently, an area operations bond may cover distilled spirits plants and adjacent bonded wine cellars operated by a parent corporation and one or more of its controlled subsidiaries. The name of each corporation that operates a covered facility must appear on the bond as a principal, whether the operating corporation is the parent or a subsidiary. The bond must bear an authorized signature for each operating corporation appearing on the bond.

(26 U.S.C. 5173)

§ 19.164 Withdrawal bond.

(a) *Requirement for a withdrawal bond.* If a person intends to withdraw spirits from a distilled spirits plant upon determination of the taxes due on the spirits but before payment of the tax, the person must provide TTB with a withdrawal bond for the distilled spirits plant. The withdrawal bond must guarantee payment of any taxes due on distilled spirits withdrawn from bonded premises up to the amount of the bond. Such bond will be in addition to the operations bond, and if the distilled spirits are withdrawn under the withdrawal bond, the operations bond will no longer cover liability for payment of the tax on the spirits withdrawn. For purposes of this section, a person includes a corporation, together with all of its controlled subsidiaries, and a controlled subsidiary has the same meaning as in § 19.163(b).

(b) *One bond covering multiple plants.* A person who operates more than one distilled spirits plant within the geographical area serviced by the National

Revenue Center may submit to TTB a single withdrawal bond that covers withdrawals from all such distilled spirits plants within that geographic area.

(c) *Penal sum of bonds—(1) Penal sum of a bond covering a single plant.* A person who files a withdrawal bond for a single plant must compute the penal sum of such bond in accordance with § 19.166. If the penal sum of such bond is less than the maximum amount, withdrawals from the plant may not exceed the penal sum.

(2) *Penal sum of bond covering multiple plants.* A person who files one withdrawal bond to cover two or more distilled spirits plants must compute the required penal sum for each plant individually in accordance with § 19.166. The penal sum of the withdrawal bond must be equal to, or greater than, the total of the minimum amounts required for the individual plants. The bond must show the amount of coverage allocated to each individual plant as well as the total penal sum for all plants. If the portion of the penal sum allocated to a particular plant is less than the maximum amount prescribed in § 19.166 for a single plant, withdrawals from that plant must not exceed the amount of the penal sum allocated to that plant. The allocation of the penal sum notwithstanding, the entire penal sum of the bond must be available to satisfy all liability for tax on withdrawals from any and all of the covered plants.

(26 U.S.C. 5173)

§ 19.165 Unit bonds.

(a) *Unit bond covering operations and withdrawals.* If a person is otherwise required to file bonds for both operations at one or more distilled spirits plants and withdrawals from one or more distilled spirits plants, the person may instead submit a single unit bond that provides all of the guarantees that would otherwise be provided by separate operations and withdrawal bonds. The unit bond may also provide coverage for operations at adjacent bonded wine cellars. For purposes of this section, a person includes a corporation, together with all of its controlled subsidiaries, and a controlled subsidiary has the same meaning as in § 19.163(b).